

Pensions are cheap- It's tax
concessions for superannuation we
cant afford

Richard Denniss

Executive Director

The Australia Institute

Ageing is scary

Population ageing reduces the proportion of working age people supporting people aged over 65 years. The rate of improvement in average living standards is projected to fall, placing pressure on Australia's capacity to fund the spending pressures associated with an ageing population, particularly in terms of health spending – 2010 IGR summary

The real cause of future deficits

The relative overall stability of the historical tax-to-GDP ratio is **largely the result of policy adjustments**, particularly periodic adjustments to the personal income tax scale. Under strict no-policy-change assumptions (including no change to personal income tax scales), **tax collections would rise faster than GDP** (and be reflected in higher tax to GDP ratios). This mainly reflects the progressivity of the personal income tax system.

Some honesty from Treasury

The emphasis of the reports rested on pressures that demographic change was likely to impose on future government spending rather than the way these spending pressures may be financed (such as through increasing revenues or raising debt). – IGR 2010

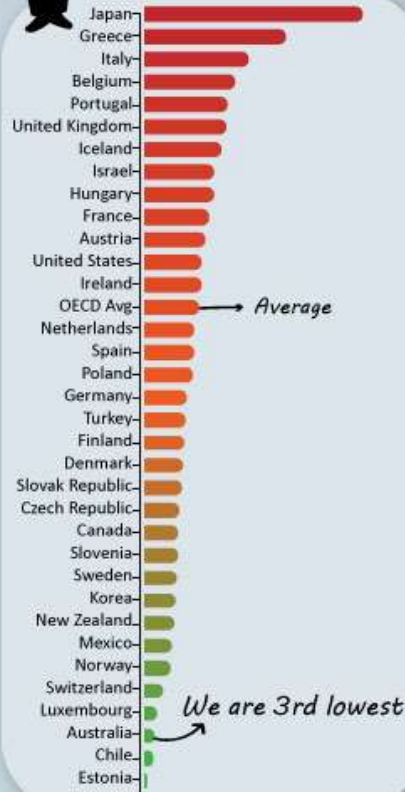
WHERE IS THE BUDGET EMERGENCY ?



"Thanks to Labor's poor management over five years, there is now a budget emergency"

- Tony Abbott (in his budget reply speech)

PUBLIC DEBT



ECONOMIC GROWTH RATE



Australia is one of only 11 of the 141 rated countries with a AAA rating from all three ratings agencies



THE REALITY

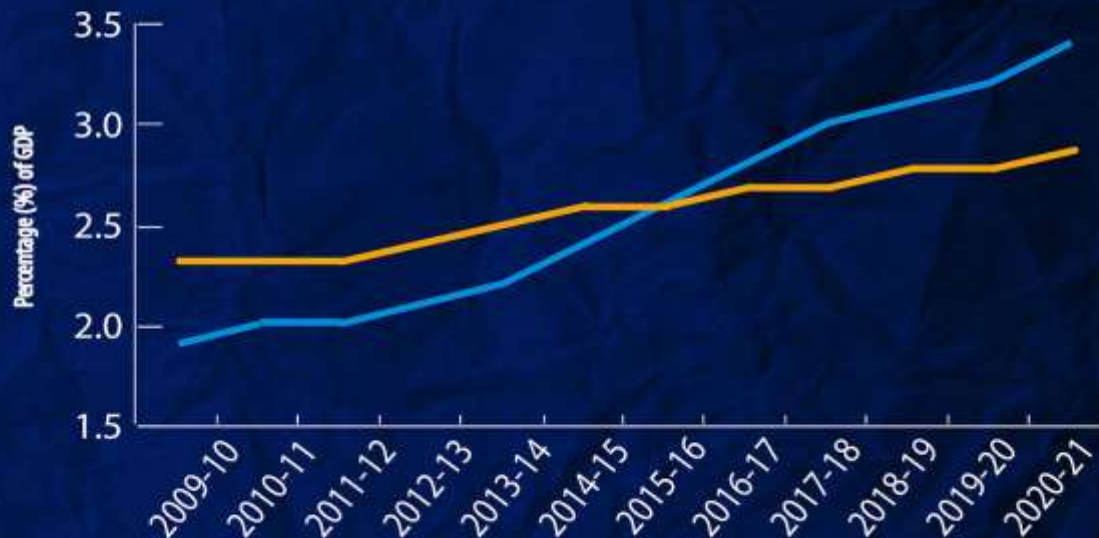


Australia has low public debt, high economic growth and is seen internationally as a safe place for investment

“ IF THE COST OF AGE PENSIONS
IS BALLOONING,
THEN SUPER TAX CONCESSIONS ARE
THE HINDENBURG ”

- DR RICHARD DENNISS

SUPER TAX CONCESSIONS WILL SOON COST US MORE THAN THE **AGE PENSION**



SOURCE: Australian Government (various years) Budget Paper No 1; Australian Government (2013) Mid-year economic and fiscal outlook, 2013-14; and TAI calculations and projections.

www.tai.org.au

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Figure 1: Cost as a share of GDP (%)

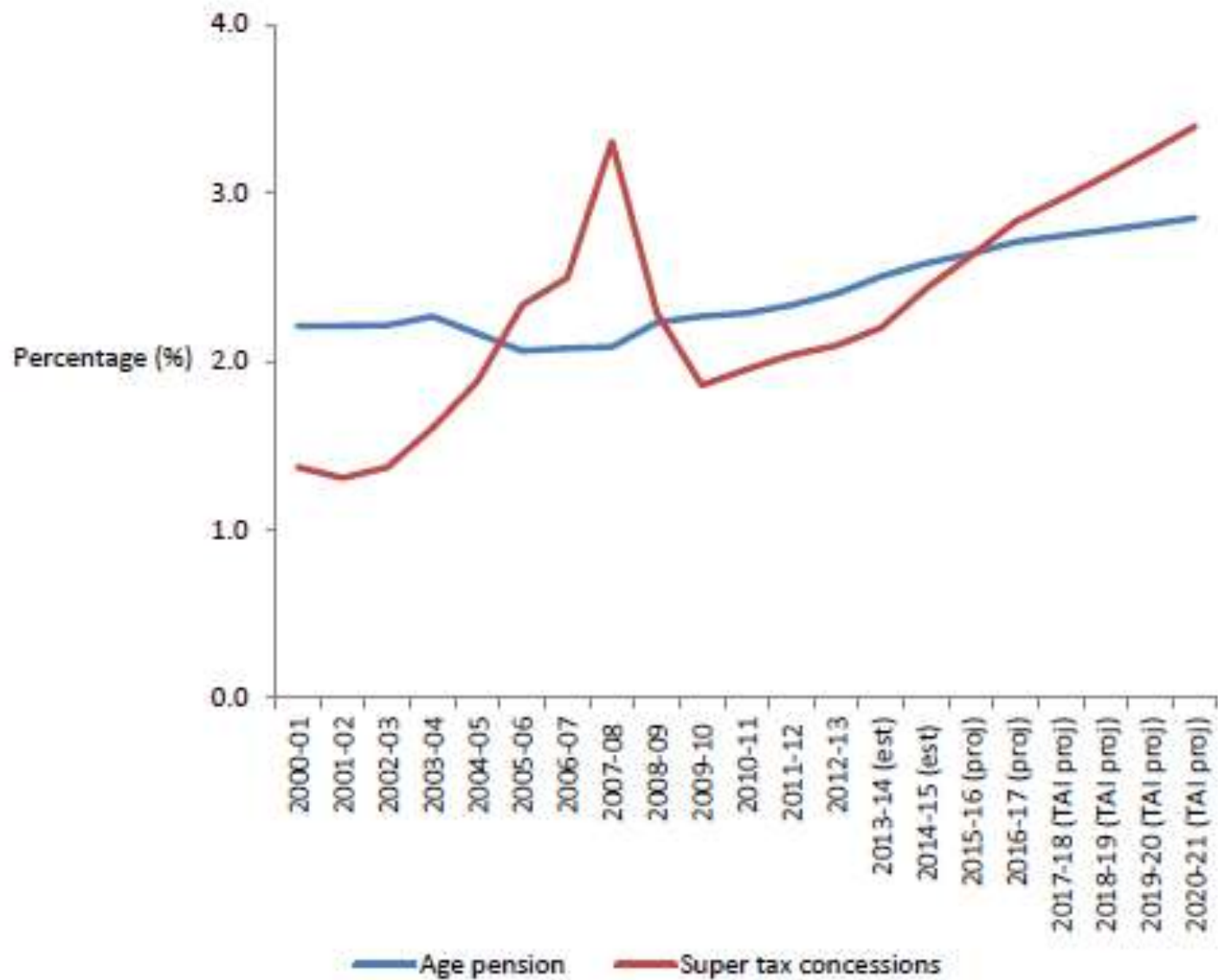
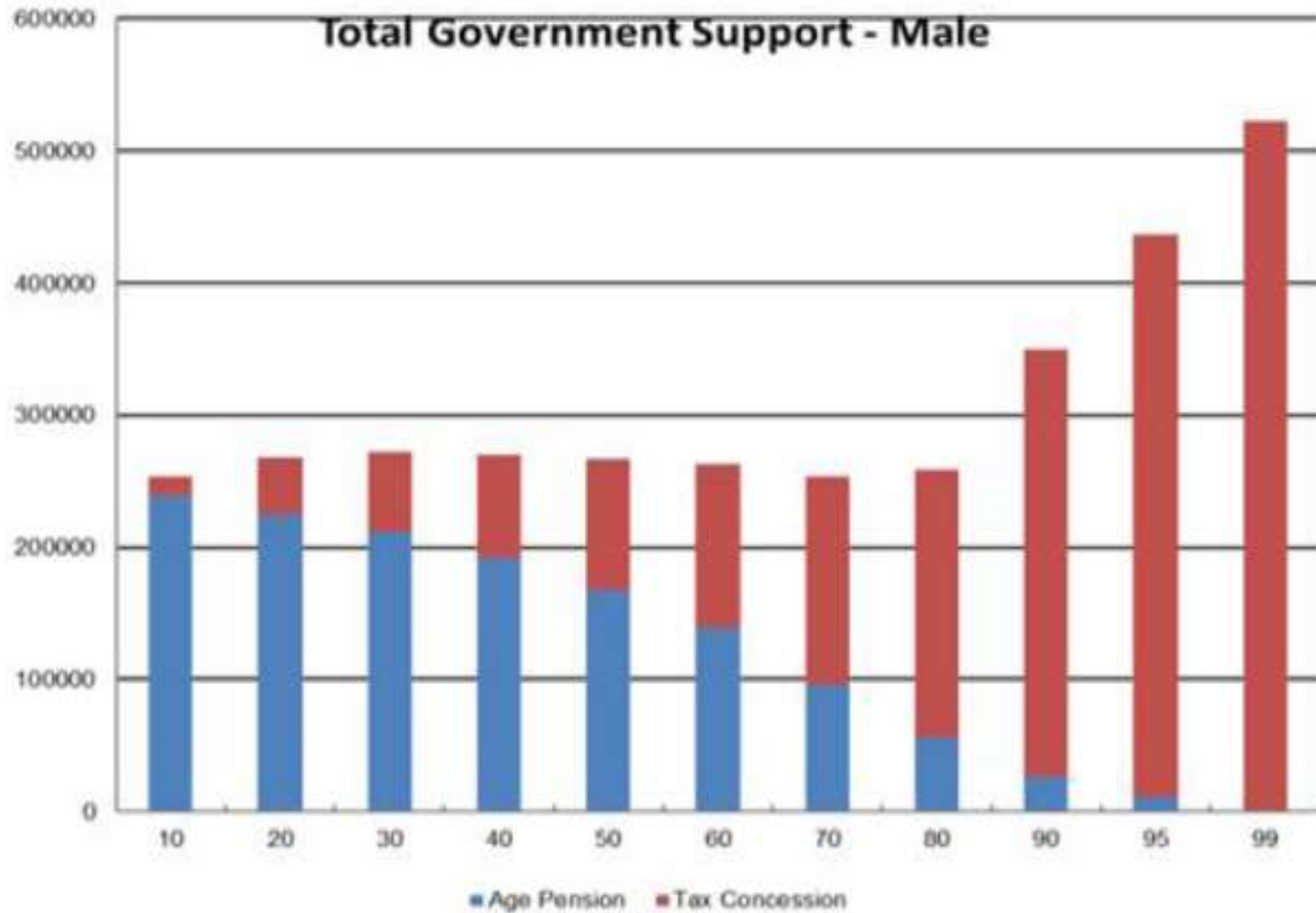


Figure 3: Distribution of "total government support" (both superannuation tax concessions and age pension)



Why do Women end up **poorer** in retirement?

Women earn less than men and the more time they spend out of the workforce the less they have in superannuation. For example...

A Woman

who works full-time, with no interruptions and earns the average wage for a woman compared to a man who works full-time, earning an average wage.

misses out on
\$207,181



Nadine



Nurse



- has nine years out of the workforce caring for her children
- returns to work part-time before going full-time
- later works part-time again to care for her elderly parents until retirement.

misses out on
\$538,980



Alison



Lawyer



- takes 12 months leave and returns to work part-time after the birth of each of her two children
- returns to full-time work at 45
- has two more periods of part-time work to care for her mother and then her father
- at 61 she can't find work as a lawyer and works in retail until retirement.

misses out on
\$457,288



Ami



Retail

- works in retail her whole life earning the minimum wage
- only takes the minimum paid parental leave allocation following the birth of her two children.

misses out on
\$603,334

It's time to close the gender pay gap and make super fairer.

References

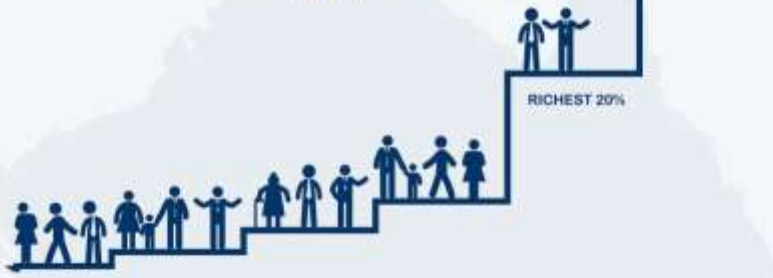
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The Australia Institute (2013). What's choice got to do with it?

[www.austlii.edu.au/other/australia/institute/](http://www.austlii.edu.au/au/other/australia/institute/)

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July 2013

THE **7** RICHEST PEOPLE
IN AUSTRALIA HOLD MORE WEALTH THAN
1.73 MILLION HOUSEHOLDS



THE RICHEST 20% HAVE **71x** MORE WEALTH
THAN THE BOTTOM 20%

THE LAND OF THE FAIR GO?

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- ABS 2013 HOUSEHOLD WEALTH AND WEALTH DISTRIBUTION, AUSTRALIA, 2011-12, CAT NO HUSA 8, 21 AUGUST.
- BUSINESS REVIEW WEEKLY (2013) 'HOW RICH 20?'

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JULY 2014

What's the problem?

Taxpayer assistance for retirement income rises with income

Taxpayer assistance for retirement income strongly favours men

Tax concessions for super are eroding the tax base needed to fund services